

# **Social Entrepreneurship: Models For Social Change**

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**Abstract:** The social sector has seen some significant changes in the last two decades. One such change has been the shift from a 'charity model' to a 'revenue model' among NGOs for their sustainability. Another shift has been in the creation of for-profit social enterprises which are socially responsible businesses that impact society through their services. The application of business and management principles in social enterprises facilitate them to perform their best and bring about social change. This also enables amalgamating professionalism into the organization that is more and more recognized as vital to solving many of society's economic, social and environmental challenges. Social entrepreneurship is a methodology to create human capacity in the development sector. It is a committed, conscious effort based on strategic thinking with a problem-solving mindset to cause social change. Social entrepreneurship is all about working within current constraints, creating operating models that will adapt and sustain themselves to serve the cause in any situation.

Social entrepreneurs are individuals with novel solutions to society's most demanding social problems. They are persistent and ambitious, handling major social issues and ready to offer new ideas for wide-scale change. Rather than letting the government or business sectors handle societal needs, social entrepreneurs check what is not working and solve the issue by changing the system, propagating the solution, and persuading societies as a whole to move in different directions.

This paper aims to study the concept of social entrepreneurship with its various approaches that are aimed at bringing about a social change

## **1. INTRODUCTION**

Social entrepreneurship -- the practice of responding to market failures with transformative, financially sustainable innovations aimed at solving social problems of the region or locality has emerged at the nexus of the public, private, and non-profit sectors. It is a new area of entrepreneurship that shows characteristics of non-profits, government, and businesses including applying to social problem-solving traditional, private-sector entrepreneurship's focus on innovation, risk-taking, and large-scale transformation.

Social businesses - those with a socially beneficial objective can play an important role in developing countries in addressing needs such as healthcare, energy, education and sanitation, but such businesses have faced a difficult time scaling up to significant size and reach. A new study by researchers from Cambridge University has identified four key strategies and two methods for social businesses to scale up, which could help them, reach many more of the four billion people in developing countries who could benefit from the services of such businesses

Meeting these needs through affordable and sustainable solutions offers businesses a vast opportunity for future growth. As developing markets emerge from low-income to middle-income status, their development offers businesses the potential to make profits while also delivering significant social

impact. Aravind Eye Hospitals and Amul Cooperatives are successful examples of social impact enterprises which make profits but with substantial social impact and have scaled operations significantly.

Social businesses have had difficulty scaling up in developing countries due to a lack of infrastructure such as roads and electricity, coupled with a lack of clear property rights and well functioning courts. On a more encouraging note, new technology such as mobile phones and new business structures such as public-private partnerships now make it easier for such businesses to find ways to reach new consumers.

## **2. SOCIAL ENTREPRENEURSHIP**

Any definition of social entrepreneurship should reflect the need for a substitute for the market discipline that works for business entrepreneurs. We cannot assume that market discipline will automatically weed out social ventures that are not effectively and efficiently utilizing resources. The following definition combines an emphasis on discipline and accountability with the notions of value creation taken from Say, innovation and change agents from Schumpeter, pursuit of opportunity from Drucker, and resourcefulness from Stevenson. In brief, this definition can be stated as follows:

Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created.

This is clearly an 'idealized' definition. Social sector leaders will exemplify these characteristics in different ways and to different degrees. The closer a person gets to satisfying all these conditions, the more that person fits the model of a social entrepreneur.

### **3. MODELS OF SOCIAL ENTREPRENEURSHIP**

As we have already indicated, there is no single way to characterize socially entrepreneurial ventures. This makes some "mapping" of the range of actual and possible projects and enterprises all the more important to us – in that the unifying symbol as well as its diverse practical implications represents an important cluster of trends today. In fact, it is both reasonable and common to identify certain ventures in the private, public, and third/independent sectors as examples of social entrepreneurship. While the term is most commonly used to apply to examples of "a socially engaged private sector" and "more entrepreneurial approaches in the not-for-profit sector" (Canadian Centre for Social Entrepreneurship, 2001), we also find initiatives largely or wholly within the public sector which are framed similarly (Dees, 2001). Here, key features of organizational models of social entrepreneurship are summarized, including the basic assumptions underlying these arrangements and the practical implications of them. Here we consider not only transformations of typical or traditional understandings of "doing business" in any one sector but also explore how partnerships across sectors are often pursued under the rubric of social entrepreneurship. We will now consider socially entrepreneurial ventures in each sector, private, not-for-profit, public, and among HEI'S respectively, while also commenting on hybrid or bridge forms.

### **4. PRIVATE SOCIAL ENTREPRENEURSHIP**

The recent academic and popular literatures suggest that working within the private sector gives the social

entrepreneur an advantage in terms of the orienting to planning, profit, and innovation – three of the goals which are discussed most frequently. And, as we discuss in the section on social entrepreneurs themselves, CEOs and leaders on non-publicly-held companies report the greatest freedom to pursue their cherished values. Socially oriented purpose business ventures can draw upon a wealth of experience in terms of market analysis and the conduct of feasibility studies (Campbell, 1998). They are already operating with profit in mind. And, depending on their accustomed market, they recognize the importance of innovation on a continuous basis. Perhaps the single most important activity for the new business start-up, or the business that is charting a new course into the social seas, is a systematic process for generating and screening ideas (Thalhuber, as cited in Campbell, 1998). A balance between the open and democratic generation of ideas and the discerning of genuinely good and feasible ones is crucial. Too much openness risks impracticality; too linear and controlled a process can mean a loss of potentiality. Generally speaking, then, self-styled socially entrepreneurial enterprises assume greater latitude in adopting and adapting the popular business trends of the day. As we will see in the discussion of leadership that follows, much of this freedom or autonomy is held by value-driven, charismatic leaders.

### **5. PUBLIC-SECTOR SOCIAL ENTREPRENEURSHIP**

Theories and models of entrepreneurship in the public sector are derived in large part from economic applications of business and market models to the public sphere – an effort which began in earnest in the 1960s and 1970s. In one of the first papers on the subject, Ostrom (1964) considered how water resources management might benefit from some injection of entrepreneurial energy. Above all, she distinguished between private and public entrepreneurship by observing the significant political and administrative constraints on the latter. Public organizations have a more difficult time adapting to changing circumstances and innovating owing to constitutional, executive, legislative considerations, as well as to sheer habit. In other words, the private sector allows for greater freedom and experimentation, as seen from this standpoint. As Shockley et al. (2002) explain, even through the 1990s, the theories and models of public-sector entrepreneurship overwhelmingly stressed rational economic calculation and especially direct responsiveness to market data. However, as Kirzner

(1999) argued, this linear and rather mechanical idea of entrepreneurship as applied to public agencies overlooks the fact that true entrepreneurship is something more and beyond mere calculated responses to the environment of decision; it entails an “alertness to hitherto unnoticed opportunities” . Thus, there is a process of discovery and creativity not fully accounted for in the traditional rational-economic model, and it is precisely that “spark” that the idea of entrepreneurship is meant to convey. As we have already discussed, so-called third way economic and social policy is especially amenable to the symbols and methods of entrepreneurship, as an essential part of this ideology is that there is no inherent alienation between public and private interests

#### **6. SOCIAL ENTREPRENEURSHIP IN THE NOT-FOR-PROFIT SECTOR**

In a very real sense, social entrepreneurship has been going on within the non-profit sector for a long time though without the label. Many social-movement organizations, social advocacy groups, and community initiatives have been started and sustained all over the world through the passion, insight, and creative work of people that fit our contemporary application of the idea of the entrepreneur. To be sure, part of the entrepreneurial trend in many non-profits has been increased competition for funding resources from private foundations and government agencies (De Leonardis and Mauri, 1992). This reality has made formerly foreign activities like market analysis and strategic planning part of the regular functioning of non-profits in a way not widely imagined as recently as the mid-1980s. In a detailed study of social entrepreneurship in the realm of community economic development, Wallace (1999), looks especially at non-profits that set up profit-making activities in needy urban environments. These activities range from the offering of specific health and educational resources to small-business incubators. While the specific governance, fiduciary, and organizational structures of such enterprises vary greatly, most of these ventures involve at least these characteristics: an orientation toward the regeneration or expansion of economic activity, collective advancement of the public good rather than exclusionary support for private interests, community ownership or control, and participative democratic structures (Pearce, 1994). Above all, as Wallace (1999) sees them, socially entrepreneurial arms of non-profits have the resources and freedom to experiment in ways not usually open to resource-and-regulation strapped

parent organizations. Thus, she sees social-purpose enterprises as ways of bringing together the energies of all three sectors to combat entrenched economic and social problems in urban communities. Non-profits that assume an entrepreneurial posture are less hesitant to implement concepts and practices from marketing, strategic planning, and systems for the analysis and control of costs. In other words, a certain blurring of sector boundaries is taken for granted, often as necessary for survival.

#### **7. SOCIAL ENTREPRENEURSHIP IN HEI'S**

“Social businesses have enormous potential to provide important services to billions of people around the world – but they need to scale up in order to meet these needs,” said study co-author Professor Jaideep Pradhu from Cambridge Judge Business School. Higher Education institutions (HEIs) around the world are discovering that their students and staff want to connect with this growing movement. From the world class business schools to more vocationally oriented universities, social venture competitions and incubator programmes are springing up to tap into this energy and many Indian Universities are leading the way. HEIs which have a strong network of social entrepreneurs, individuals who champion social enterprise and dedicated support functions are taking note and beginning to develop strategy around social enterprise. Leadership is integral to creating wider recognition and awareness of social entrepreneurship, helping to remove barriers and reducing the challenges faced by social entrepreneurs. A strategic approach can help expose Social entrepreneurship, a great deal of which may be under the radar (for instance, within active student societies, volunteering, knowledge transfer, community engagement). In turn, creating a culture of social venture creation provides a unique selling point for HEIs, whether in terms of the student experience or the wider public value they create.

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